



Value for Money:

How the ROI Methodology Shows the Value for Money for All Types of Projects and Programs

Presented by
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Objectives

After completing this session, participants should be able to:

1. Explain the need for an improved logic model.
2. Identify the key characteristics of the ROI Methodology.
3. List the advantages of using the ROI Methodology.
4. Describe different applications of the ROI Methodology.

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A Variety of ROI Applications – The Possibilities are Endless...

1. The British Columbia Interior Health System calculated the ROI for a new procedure for colorectal surgery.
2. The Ministry of Education in Dubai calculated the ROI for implementing a model classroom program.
3. A major U.S. city calculated the ROI for investing in housing to reduce the number of homeless citizens on the streets.
4. The Australian Capital Territory Community Care agency forecast the ROI for the implementation of a client relationship management (CRM) system.
5. Horizon Home, a comprehensive shelter and protection system for abused and battered women, developed the ROI for the services provided to clients.
6. The state of Alabama developed the ROI for a recidivism program for drug related offenders.
7. A major city calculated the ROI for a new disciplinary system and selection system to reduce unplanned absenteeism and bus delays.
8. The Healthy Living Group in a Canadian government healthcare system developed the ROI for a smoking cessation program for citizens under the age of 35.
9. The UN Women agency measured the ROI for a micro financing program to increase economic empowerment of women, especially of those who are most excluded.
10. A large insurance company developed the forecast and actual ROI for a work-at-home program for two job groups.
11. A major hotel chain calculated the financial value and ROI of its coaching program.
12. An NGO has developed the impact and ROI for a new law to make domestic violence illegal in Kazakhstan.
13. A refugee services agency conducted ROI studies on two of its major programs: employment and vocation services.
14. The Singapore Defense Science and Technology Agency (DSTA) is measuring the ROI on team effectiveness.
15. The Danish Postal Service calculated the ROI for a project to improve employee engagement.
16. A large U.S. bank calculated the ROI for sponsoring a major sports event.
17. The World Food Programme (Rome, Italy) developed the ROI for a leadership development program for country directors.
18. A major U.S. defense department agency calculated the ROI for a master's degree offered to high-potential employees inside the agency.
19. The Association for Talent Development calculated the ROI for the annual conference, from the participant perspective and the exhibitor perspective.

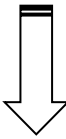
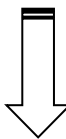
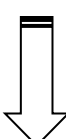
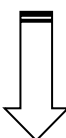
20. The United Nations Security Department calculated the ROI for providing police training in Kuala Lumpur, Malaysia.
21. Novartis, a Swiss-based pharmaceutical, developed the ROI for a management development program.
22. A package delivery company developed the ROI for the replacement of keys with a fob in courier vehicles.
23. Laboratory Systems, a small 13-person company in Ireland, calculated the ROI for new product development.
24. Innova Energy developed the ROI for a stress reduction program.
25. A large Canadian bank calculated the ROI for networking among its senior leaders.
26. A large international consulting firm calculated the ROI for a social media system designed to manage the knowledge of their consultants.
27. The U.S. Air Force calculated the ROI for implementing new procedures to prevent an intrusion into a database.
28. The Institute for Clergy Excellence calculated the ROI in a program to address the burn out among clergy.
29. Sprint developed the ROI for a diversity program.
30. A large European software company calculated the ROI for a virtual business development conference for the sales team.

Questions for Discussion

1. What do you see in common with these examples?

2. What is driving this level of accountability for these programs?

Six Categories of Data

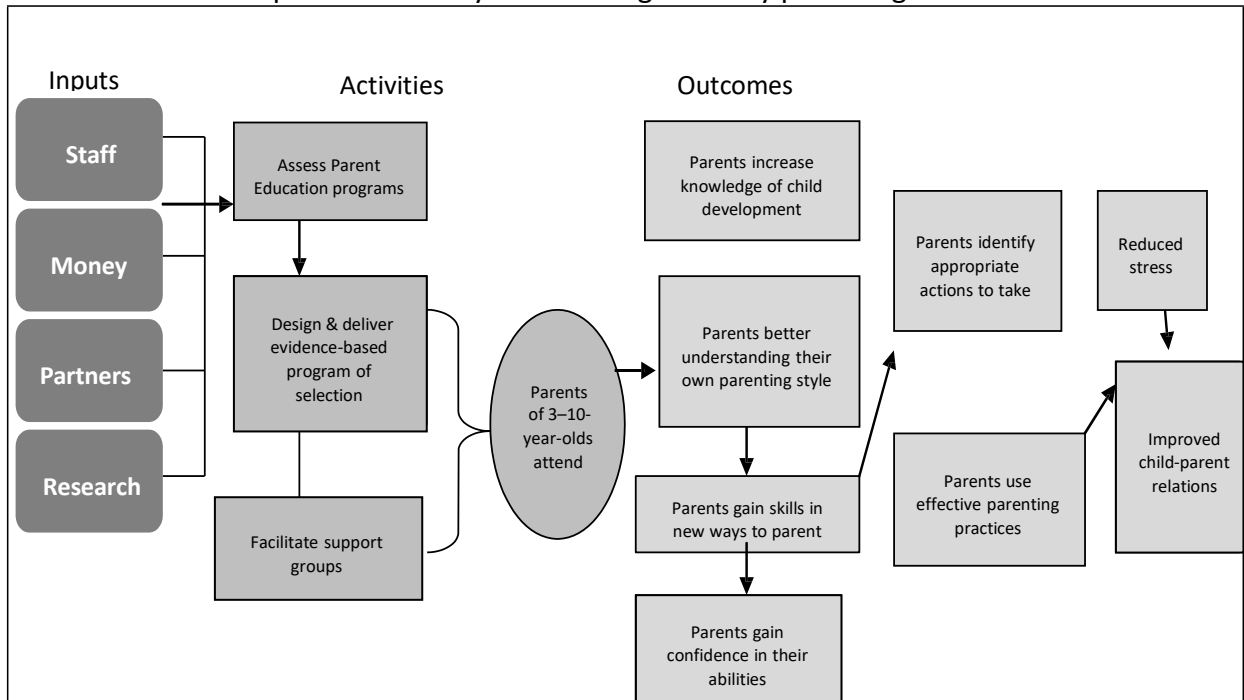
Level		Measurement Focus	Typical Measures
0-Input		Input into programs, including indicators representing scope, volumes, times, costs, and efficiencies	- Types of programs - Number of programs - Number of people involved - Hours of involvement - Costs
1-Reaction and Planned Action		Reaction to the programs, including participants' perceived value and planned action to make them successful	- Relevance - Importance - Usefulness - Appropriateness - Intent to use - Motivational - Recommended to others
2-Learning		Knowledge and success gained, learning how to develop concepts and how to use skills and competencies to drive program success	- Skills - Learning - Knowledge - Capacity - Competencies - Confidences - Contacts
3-Application and Implementation		Application and use of knowledge, skills, and competencies, including progress made and implementation success	- Behaviors - Extent of use - Task completion - Frequency of use - Actions completed - Success with use - Barriers to use - Enablers to use - Engagement
4-Impact		The impact of the programs and processes expressed as business impact measures	- Graduation rates - Infant mortality - Crime rates - Productivity - Revenue - Quality - Jobs created - Efficiency - Incidents of disease - Retention - Customer satisfaction
5-ROI		Comparison of monetary benefits from the project to project costs	- Benefit Cost Ratio (BCR) - ROI (%) - Payback period

Comparison with Classic Logic Models

For the following two programs, identify the levels of evaluation in the ROI Methodology for the outcomes

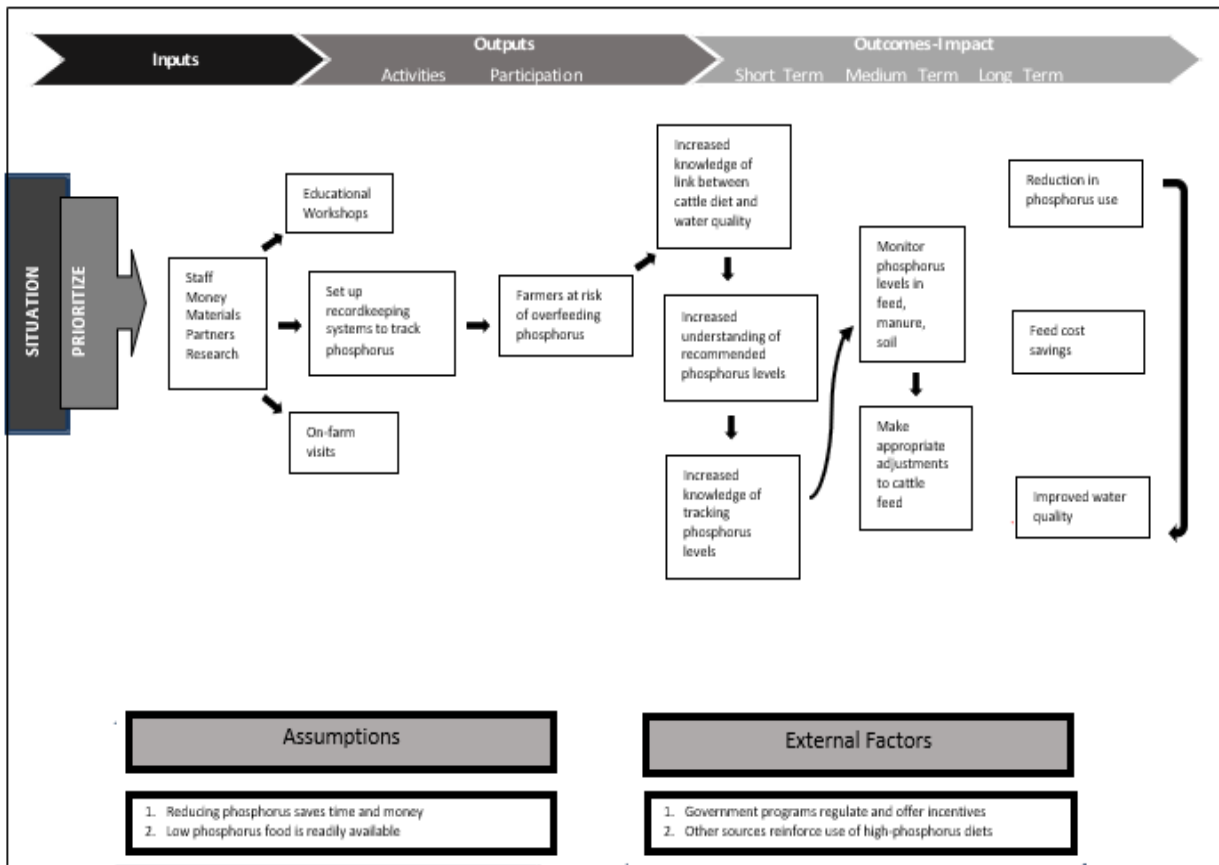
Parent Education Program

Situation: Parents reported that they were having difficulty parenting and feel stressed.



- Input 0 _____
- Reaction 1 _____
- Learning 2 _____
- Application 3 _____
- Impact 4 _____
- ROI 5 _____

Water Quality



- Input 0 _____
- Reaction 1 _____
- Learning 2 _____
- Application 3 _____
- Impact 4 _____
- ROI 5 _____

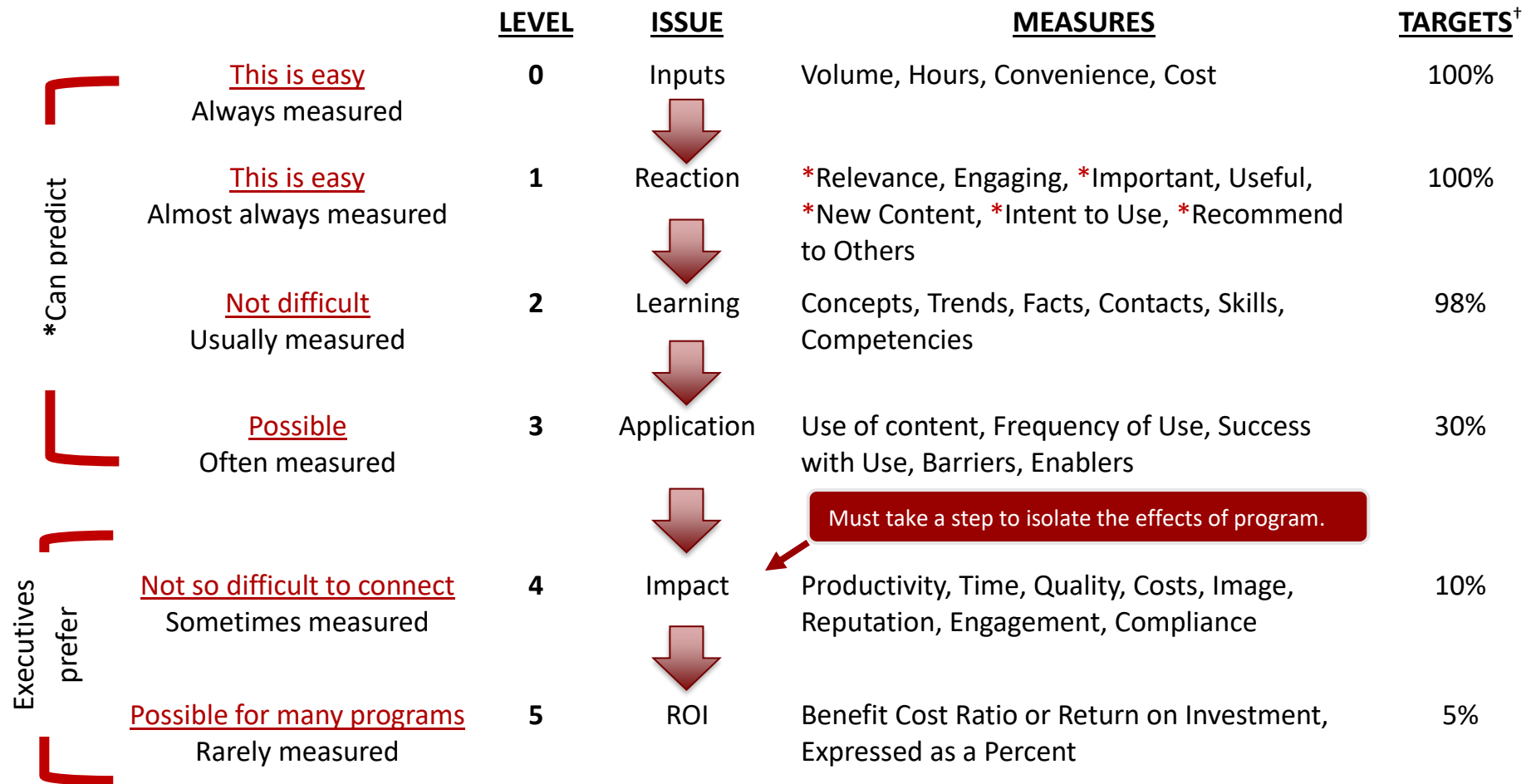
Designing for Results

1. **Start with Why:** Aligning Programs with the Business
 - Alignment is the key
 - Is it a problem or opportunity?
 - Need specific business measure(s)
2. **Make it Feasible:** Selecting the Right Solution
 - What are we doing (or not doing) that's influencing the business measure?
 - How can we achieve this performance?
3. **Expect Success:** Designing for Results
 - Set objectives at multiple levels
 - Redefine success of learning
 - Expand responsibilities
4. **Make it Matter:** Designing for Input, Reaction, and Learning
 - Focus on the objectives
 - Think about ROI
 - Make it relevant
 - Make it important
 - Make it action-oriented
5. **Make it Stick:** Designing for Application and Impact
 - Focus on objectives
 - Ensure transfer of learning
 - Design application tools
 - Collect data
6. **Make it Credible:** Measuring Results and Calculating ROI
 - Isolating the effects of programs
 - Converting data to money
 - Tabulating Costs
 - Calculating ROI
7. **Tell the Story:** Communicating Results to Key Stakeholders
 - Define audience
 - Identify why they need it
 - Select method
 - Move quickly
 - Consider one-page summary
8. **Optimize Results:** Using Black Box Thinking to Increase Funding



Taken from Phillips, Patti P. and Jack J. Phillips. (2017). *The Business Case for Learning: Using Design Thinking to Deliver Business Results and Increase the Investment in Talent Development*. West Chester, PA: HRDQ and ATD Press.

The Value Chain



[†]Best Practice: Percent of programs evaluated at this level each year.

Matching Evaluation Levels with Objectives

Instructions: For each objective listed, indicate the level of evaluation at which the objective is aimed.

- Level 1: Reaction
- Level 2: Learning
- Level 3: Application
- Level 4: Business Impact
- Level 5: Return on Investment

Objective

Evaluation Level

After completing this program or project, participants should:

1. Decrease citizen complaints by 20% in one year. _____
2. Use problem-solving skills to uncover causes of problems. _____
3. Be able to demonstrate the five steps to determine if there is a food security issue. _____
4. Rate the facilitator 4 out of 5 on presentation skills. _____
5. Decrease the amount of time required to develop a proposal by 25%. _____
6. Achieve a 20% ROI one year after program implementation. _____
7. Perceive the Crime Prevention Program to be relevant to the community (4.5 out of 5). _____
8. Decrease security breaches by 25% in six months. _____
9. Conduct a proper investigation using the seven-step process in 95% of complaint situations. _____
10. Score an average of 20 or better on AIDS Awareness quiz. _____
11. Complete a conflict-of-interest questionnaire each year as part of the new ethics policy. _____
12. Use all ten negotiation skills in at least 50% of negotiation situations. _____

Question for Discussion

How do Level 3 and Level 4 objectives provide benefits? To whom?

Problems and Opportunities with Current Measurement Systems

Topic	Problem or Issue	What Is Needed	ROI Methodology	Your System
Focus of use	Audit focus; punitive slant; surprise nature	Process improvement focus	This is the number one use for the ROI Methodology	
Standards	Few, if any, standards exist	Standards needed for consistency and credibility	Twelve standards accepted by users	
Types of data	Only one or two data types	Need a balanced set of data	Six types of data representing quantitative, qualitative, financial, and non-financial data	
Dynamic adjustments	Not dynamic; does not allow for adjustments early and often in the program cycle	A dynamic process with adjustments made early and often	Adjusts for improvement at four levels and at different timeframes	
Connectivity	Not respectful of the chain of value that must exist to achieve a positive impact	Data collected at each stage of the value chain	Every stage has data collection and a method to isolate the program's contribution to impact	
Approach	Activity based	Results based	Twelve steps are used to design for results	
Conservative nature	Analysis not very conservative	A conservative approach is needed for buy in	Very conservative: CFO and CEO friendly	
Simplicity	Not user friendly; too complex	User friendly, simple steps	Twelve logical steps	
Theoretical foundation	Not based on sound principles	Should be based on theoretical framework	Endorsed by hundreds of professors and researchers; grounded in research and practice	
Acceptance	Not adopted by many organizations	Should be used by many	More than 5,000 organizations using the ROI Methodology	

The ROI Methodology® Process Model

